

SUMMARIZED MINUTES¹
SCOTTSDALE AUDIT COMMITTEE
MONDAY, OCTOBER 23, 2006



KIVA CONFERENCE ROOM, FIRST FLOOR, CITY HALL
3939 NORTH DRINKWATER BOULEVARD
SCOTTSDALE, AZ 85251

CALL TO ORDER

Committee Member Lane called to order the Audit Committee Meeting on Monday, October 23, 2006, in the Kiva Conference Room, City Hall, at 2:05 p.m.

ROLL CALL

Present: Committee Member Ecton
 Committee Member Lane
 Committee Member McCullagh (arrived at 2:15 p.m.)

Also Present: Cheryl Dreska, City Auditor
 Stella Fusaro, Sr. Internal Auditor
 Monica Thomas, Internal Auditor
 Gail Crawford, Internal Auditor
 Kyla Anderson, Audit Associate
 Steve Garrett, Crime Lab Manager
 Alan Rodbell, Chief of Police
 Craig Clifford, Financial Services General Manager
 Lisa Blyler, Assistant to Mayor and Council
 John Little, Executive Director-Downtown Group
 Michelle Korf, Deputy Director-Downtown Group
 Phyllis Stern, SMOCA Board Chair
 Jim Green, Scottsdale Cultural Council VP & CFO
 Susan Krane, Scottsdale Cultural Council VP & Museum of
 Contemporary Art Director
 Valerie Vadala Homer, Scottsdale Cultural Council VP & Public Art
 Director

APPROVAL OF MINUTES

Committee Member Ecton made a motion to approve the September 29, 2006, minutes as amended. Committee Member Lane seconded the motion. The minutes were approved as amended.

¹ In accordance with provisions of the Arizona Revised Statutes, these summarized minutes are not verbatim transcripts.

GENERAL BUSINESS

Agenda Item 1 was postponed.

Item 2 –Discussion on the Controls Over the Art Collection Audit. Cheryl Dreska introduced Stella Fusaro, the auditor in charge for this audit, and Monica Thomas who also worked on the audit. Ms. Fusaro provided an overview outlining Cultural Council compliance with the Management Services Agreement as it relates to the controls and custody of the art collection. The Cultural Council has complied with requirements in the agreement to conduct an annual inventory, maintain accession and deaccession records, provide a list of items valued over \$2,500 to Risk Management, and obtain insurance. In addition, efforts have been made to document a wide range of policies. The Agreement, however, is outdated and does not set out performance expectations for the maintenance, safeguarding, and exhibition of the collection and language is not strong enough to require compliance with American Association of Museums Standards. Also, the Agreement discusses requirements for one collection while the Cultural Council manages three distinct collections. Discussion ensued on procedures, claims, and recording capabilities.

Committee Member Ecton moved to accept the Controls Over the Art Collection Report. Committee Member Lane seconded the motion. The motion carried.

Item 1 – Appointment of Audit Committee Chair. Committee Member McCullagh made a motion to appoint Committee Member Lane as Chair of the Audit Committee. Committee Member Ecton seconded the motion. Motion carried.

Item 3 - Ms. Dreska made a request to postpone the Follow-Up Audit of the Police Property Room on the current Audit Plan. Steve Garrett provided an update indicating that all considerations had been completed. Committee Member Ecton stated that since items had been completed, the need is to verify that they are in place and suggested that this audit be deleted from the current Audit Plan and brought forward for consideration on the 2007 Audit Plan.

Committee Member Ecton made a motion to remove the Follow-Up Police Property Room Audit from the current Audit Plan and include it for consideration on the 2007 Audit Plan. Committee Member McCullagh seconded the motion. The motion carried.

Item 4 a. - Ms. Dreska stated that the report on Controls Over Tracking Code Enforcement Citations and the Maintenance of the City Abatement Fund is in the final drafting stage.

Item 4 b. - Ms. Dreska advised that the audit on the Cab Connection Program is in the final stages of preliminary survey. A risk matrix has been provided to management and background information is being gathered for use in comparison of costs and ridership.

Item 4 c. - Ms. Dreska reported that the Travel Expenditures Audit report is being drafted and memos to management have been distributed.

Item 4 d. - Ms. Dreska reported that residual issues with adjusting entries for the Procurement Card Audit have been resolved and work papers are being finalized before drafting the report.

Item 4 e. - Ms. Dreska stated that the third random Cash Handling Audit was completed and a report provided to management.

Item 4 f. – Ms. Dreska reported that a risk assessment is being completed for the WestWorld Financial Audit and a site visit was made to count cash and review cash handling policies.

PUBLIC COMMENTS - None.

COMMITTEE COMMENTS - None.

With no further business to discuss, Committee Member McCullagh made a motion to adjourn the public meeting of the Audit Committee. Committee Member Ecton seconded the motion and the motion carried. The Audit Committee meeting was adjourned at 2:35 p.m.

Submitted by

Reviewed by

Gail Crawford

Cheryl Dreska
City Auditor